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U.S. SUPPORTS JAPAN AS PERMANENT MEMBER OF U.N. SECURITY COUNCIL

State's Silverberg says council expansion should be modest and have consensus

By Stephen Kaufman
Washington File Staff Writer

Washington -- The United States strongly supports the addition of Japan as a permanent member of the U.N. Security Council and believes its inclusion would increase the council's effectiveness in addressing threats to peace and security around the world.

In a September 13 USINFO webchat with questioners from around the world, Assistant Secretary of State for International Organization Affairs Kristen Silverberg said Japan is the second-largest donor to the United Nations and "has been an important and active supporter of U.N. activities."

She also told the Washington File in a September 12 interview that Japan would be "an enormously positive addition" to the council, given the country's active involvement "across the board," in U.N. activities, including humanitarian, peacekeeping and development issues. (See related article.)

"They're a responsible player in the international community and in committees. They share our values in promoting democracy and protecting human rights," she said.

Silverberg said the United States is generally open to expanding the Security Council with a broad consensus in the General Assembly, but believes expansion should be modest.

“The council has so much to do and we’ve seen how relevant the council is in the past year dealing with North Korea and Darfur and now we’re asking it deal with Burma, with Iran and Lebanon and a full range of issues. And so we don’t want the council to be unmanageable. We need it to stay the size where it can take effective action,” she said.

In a webchat that previewed the 61st General Debate of the U.N. General Assembly, Silverberg said President Bush and Secretary of State Condoleezza Rice plan to discuss “the full range of foreign policy challenges,” with their counterparts from around the world. She specifically mentioned the human rights crisis in Burma, U.N. management reform, challenges in the Middle East, and ways in which the international community “can work together to ensure that Iran does not acquire a nuclear weapon.”

In light of Iran’s continued refusal to suspend its uranium enrichment and reprocessing activities, Silverberg said the Security Council “should now proceed to adopt a sanctions resolution.”

She expressed the Bush administration’s desire for the council to act “as soon as possible” on the issue, and said formal discussions between the five permanent members and Germany on a possible resolution began September 7 in Berlin.

Silverberg also welcomed the international response to President Bush’s 2004 proposal for a U.N. Democracy Fund that would support emerging democracies through technical assistance.

“[T]he United States has been glad to see so many countries rally behind President Bush’s proposal,” she said, adding that the fund was launched in 2005 along with an advisory board that includes the United States.

According to the assistant secretary, the advisory board has received more than 1,300 grant proposals from more than 100 countries so far, and has selected 125 projects that will receive the first set of grants in 2006.

“The United States is pleased with this progress and will continue to work hard to strengthen U.N. democracy efforts,” she said.

The transcript of Assistant Secretary Silverberg’s comments will be made available on USINFO’s Webchat Station.

U.S. TREASURY SECRETARY CASTS U.S.-CHINA RELATIONS AS OPPORTUNITY

Paulson calls on China to advance reforms in own, global interest

By Andrzej Zwanecki
Washington File Staff Writer

Washington – U.S. Treasury Secretary Henry Paulson says the U.S.-China relationship must be recognized as a long-term, strategic opportunity with huge potential benefits for both nations rather than a threat.

“We are not afraid of Chinese competition,” he said. “We welcome it.”

The Treasury secretary said the U.S.-China relationship demands a “long-term strategic engagement on our common issues of interest” and warned against protectionism in both countries. Paulson made his remarks at the Treasury Department September 13 to set the stage for his trip to China the following week.

Paulson, who presented himself as an "outspoken advocate" for free and fair trade, said the two countries have many mutual economic interests, including energy and protection of the environment.

"The biggest risk we face is not that China will overtake the United States but that China will not move ahead with the reforms necessary to sustain its growth," he said.

Paulson said China needs to pursue further economic reforms to assert the role of a global economic leader and avoid a protectionist backlash in other countries. He praised Beijing for engineering "one of the most dramatic transformations in world economic history."

Now, he said, China faces a "daunting" challenge of completing the transition from a managed to market economy.

"[Future] growth will depend on raising productivity, which ... will require markets to allocate capital as opposed to administrative decisions," he said.

To assure continued economic expansion, Paulson said, China needs to modernize its financial sector, open its capital markets and move toward production aimed more at local consumption than for export.

He said a "much more flexible, market-driven" exchange rate and a "more nimble, self-determined" monetary policy must be an essential part of this effort.

Paulson said that China's rigid exchange-rate policy is increasingly viewed as a "symbol of unfair competition" and that Chinese authorities who underestimate this reaction do so "at China's own peril."

U.S. and European officials, lawmakers and labor union leaders have criticized Beijing for undermining their countries' manufacturing sectors by flooding their markets with products made relatively cheaply by an artificially low exchange rate.

In 2005, Beijing abandoned its long-standing policy of pegging its currency -- the yuan -- to the U.S. dollar at the fixed rate and instead pegged the yuan to a basket of currencies, allowing it to fluctuate within a narrow band. This move has failed, however, to mollify critics.

Paulson said China's economic policies affect other countries, and an economic crisis or significant slowdown in China would weaken the global economy.

He said the United States has a huge stake in a prosperous and stable China -- a China "able and willing" to accept co-responsibility for maintaining the health of global economic and financial systems.

By pursuing further reforms, Paulson said, China will send a clear signal that it is ready to do just that and will dampen rising anti-Chinese protectionist sentiments.

The full text of Paulson's prepared remarks is available on the Treasury Department's Web site:
<http://www.treas.gov/press/releases/hp95.htm>

STATE'S WELCH OFFERS CAUTIOUS OPTIMISM ON LEBANON CEASE-FIRE

Says "substantial tools" available to achieve a permanent, sustainable cease-fire

By Lea Terhune
Washington File Staff Writer

Washington -- In what he characterized as "a summer of stress and hardship," Assistant Secretary of State C. David Welch told U.S. senators he sees U.N. Security Council Resolution 1701 as a vital tool for permanently stabilizing Lebanon.

"What was needed here was not a precipitate rush to a cease-fire, but an effort to build a cease-fire on a more permanent and sustainable basis," one that would prevent a return to conditions that allowed the outbreak of hostilities in the first place. "One can't be complacent and allow this to recur," Welch said during his testimony before the Senate Foreign Relations Committee September 13 during a hearing on securing a permanent cease-fire in Lebanon.

The provisions of Resolution 1701 open up an unprecedented opportunity, he said, with new, "substantial tools." The arms embargo against unauthorized groups in Lebanon, the creation of a strong international force to support the Lebanese army in its deployment throughout the country, and other mechanisms to help the Lebanese government establish sovereignty are significant measures that will contribute to sustained peace, Welch said.

"These new rules would change the situation in Lebanon and in the region ... significantly for the better and would more than meet our standard of 'no return to the status quo ante,'" he said.

Of the enhanced United Nations Interim Force in Lebanon (UNIFIL) Welch said: "The new UNIFIL is nothing like the old UNIFIL. It has a completely new concept of operations and rules of engagement." This includes armed troops, combat battalions from NATO members and a maritime surveillance role for NATO-affiliated navies. It is the first time UNIFIL has a maritime mission, and the lack of it in the past left Lebanon's coastline unprotected and vulnerable to smuggling of weapons to unauthorized militias.

He said there are about 9,000 troop commitments with more commitments expected. "Over 3,000 fresh troops are on the ground, and more arriving every day," he said. A robust force is required to make the land border secure, help enforce the arms embargo and assist in disarming militias, particularly Hezbollah.

"[T]he international response so far to the needs of Lebanon has been impressive," he said. "It's necessary to distinguish between what has been delivered and what has been promised, and to emphasize the urgency of delivering on the promise," he said, adding that Secretary of State Condoleezza Rice is trying "to show some delivery."

Welch said nearly \$60 million of the promised \$230 million in aid pledged by the United States has been spent on humanitarian aid. In response to a question by Senator Chuck Hegel, he said about \$40 million is earmarked for security assistance. The Lebanese army is U.S.-equipped, and there are plans for training and assistance to internal security forces. Other funds will be used for repair of destroyed bridges, schools, homes and other infrastructure. The United States is helping to clean up the oil spill that occurred during the conflict and plans "to help the fishermen who were affected by the incident." Funds also are going toward removal of unexploded ordnance.

Welch praised the government of Lebanon in its effort to change the balance of authority and power in the country: "[T]he government led by Fuad Siniora, beset with as many difficulties as it was before, during and after this crisis, has done a truly remarkable job in addressing it."

In response to questions about the Israeli-Palestinian peace process, Welch said the United States has been working to relax movement and access restrictions placed by Israel in and around Gaza and has succeeded in getting Israel to allow humanitarian aid shipments. He reiterated the U.S. commitment to the peace process. "We would like to see conversa-

tions, even negotiations, restart between Israel and the legitimate part of the [Palestinian Authority] just as soon as possible.”

Acknowledging the difficulty of peacekeeping inherent in the region, he maintained that with international cooperation and persistence, stable peace in Lebanon is possible. “We will continue our effort to support moderate governments, like that of Lebanon, which has been democratically elected, in order to help meet the needs of the Lebanese people and allow their freedom to take real root inside this country,” Welch said.

U.S. MILLENNIUM AID AGENCY ADDS TWO POLICY BENCHMARKS

“Indicators” will focus on environment, land access, MCC says

By Kathryn McConnell
Washington File Staff Writer

Washington -- The U.S. Millennium Challenge Corporation (MCC) is adding to the 16 performance benchmarks that it uses to judge whether a country qualifies for MCC development grants.

Two new benchmarks -- or indicators -- will measure a candidate country's progress toward adopting policies to protect the environment and to make land ownership more accessible to the poor, according to a September 11 MCC press release.

The new indicators initially will be used to give the MCC board of directors “non-binding supplementary information” about countries' qualifications for Millennium Development Account (MCA) grants awarded in fiscal year 2007 (FY07), said Sam Stratman, an MCC spokesperson. The MCC is a government corporation established in 2004 to administer MCA grants.

The indicators will be adopted fully for fiscal year 2008, after candidate countries have had an opportunity to become familiar with them, said MCC's Sherri Kraham, who worked on their development.

Before establishing the new indicators, MCC sought input from various nongovernmental organizations, universities and experts, Kraham said. NGOs providing input included the Nature Conservancy, World Wildlife Fund and World Resources Institute.

Many environmental policies that countries can adopt involve no- or low-cost solutions to problems that keep people in poverty and contribute to early childhood deaths, Kraham said.

Approximately 80 percent of deaths for children under the age of 4 are due to poor environmental conditions, such as sickness related to drinking polluted water or respiratory disease tied to breathing unsafe indoor air, she said.

One example of a low-cost policy change that would help more households gain access to clean drinking water is switching from providing long-term subsidies for water usage to helping people afford one-time, water-network connection fees, Kraham said.

Governments also could give communities more information about proper indoor ventilation, especially in homes that burn fossil fuels for heating and cooking, she added.

In the area of land rights and access, governments can improve their policy performance significantly by removing legal and bureaucratic administrative impediments that keep people -- particularly women and vulnerable populations -- from

freely buying or renting land, according to a September 11 MCC press release.

“Experience tells us that landowners, especially farmers with secure land tenure, are more likely to make long-term investments and forgo immensely destructive practices such as deforestation and slash and burn agriculture, MCC Executive Director John Danilovich said.

The MCC is based on the principle that foreign aid is most effective when it reinforces good governance, economic growth and spending on services that directly help people, such as education and health care.

The MCC board of directors is chaired by Secretary of State Condoleezza Rice and includes Secretary of the Treasury Henry Paulson, U.S. Trade Representative Susan Schwab; U.S. Agency for International Development Administrator Randall Tobias, the MCC’s Danilovich; and private-sector experts Christine Todd Whitman and Kenneth Hackett.

For fiscal year 2007, candidate countries must either have a maximum per capita income equal of \$1,675 gross national income to qualify for the “low income” category or a per capita income of between \$1,675 and \$3,465 to qualify for the “lower middle income” category, and not be subject to U.S. aid restrictions.